

**OCEAN COUNTY SOIL  
CONSERVATION DISTRICT  
Forked River, New Jersey**

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**REPORT OF AUDIT  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2021**

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**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

**CONSERVATION DISTRICT BOARD OF SUPERVISORS**

**THE DISTRICT GOVERNING BODY**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dr. William J. Pollock	Chairman	June 30, 2021
Anthony DiLodovico	Vice-Chairman	June 30, 2021
Charlene H. Costaris	Treasurer	June 30, 2022
Dr. Michael Gross	Secretary	June 30, 2023
Martha Maxwell-Doyle	Supervisor	June 30, 2022

**MANAGEMENT AND ADMINISTRATIVE STAFF**

Christine R. Raabe	District Director
Jean Baluski	Assistant District Director
Christina Mooney	Office Manager

Note – The District maintains an Employee Theft-Blanket, Forgery or Alteration Insurance Policy in the amount of \$200,000.

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Ocean County Soil Conservation District  
714 Lacey Road  
Forked River, New Jersey 08731

To the Board of Supervisors:

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Ocean County Soil Conservation District as of June 30, 2021 and the related statements of activities and changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Ocean County Soil Conservation District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and the audit requirements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, as required by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the District on the basis of the financial reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New Jersey State Soil Conservation Committee. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Ocean County Soil Conservation District, as of June 30, 2021, or the results of its operations and changes in net assets, or cash flows thereof for the years then ended.

#### **Unmodified Opinion on Statutory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ocean County Soil Conservation District, as of June 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual.

#### **Report on Summarized Comparative Information**

We have previously audited Ocean County Soil Conservation District's 2020 financial statements, and our report dated August 19, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



## **Other Matters**

### *Required Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean County Soil Conservation District's financial statements as a whole. The accompanying supplementary information listed in the foregoing table of contents, is presented for the purposes of additional analysis as required by the New Jersey Department of Agriculture's Financial Accounting Manual in accordance with those standards regarding the statement of budget versus actual revenue and expenditures - all funds combined and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the statement of budget versus actual revenue and expenditures - all funds combined is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean County Soil Conservation District's basic financial statements. The schedules of expenditures of federal awards and the comments and recommendations section are presented for purposes of additional analysis and are not required as part of the basic financial statements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the schedules of expenditures of federal awards and comments and recommendations section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with **Government Auditing Standards**, we have also issued a report dated December 22, 2021 on our consideration of the Ocean County Soil Conservation District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ocean County Soil Conservation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering Ocean County Soil Conservation District's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A.  
Registered Municipal Accountant  
December 22, 2021

# NIGHTLINGER, COLAVITA & VOLPA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors  
Ocean County Soil Conservation District  
714 Lacey Rd  
Forked River, New Jersey 08731

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the State Soil Conservation Committee, Department of Agriculture, State of New Jersey. The financial statements of the Ocean County Soil Conservation District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Ocean County Soil Conservation District's basic financial statements and have issued our report thereon dated December 22, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Ocean County Soil Conservation District, the funding sources of the Ocean County Soil Conservation District, the New Jersey Department of Agriculture, and Federal and State audit agencies and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A.  
Registered Municipal Accountant  
December 22, 2021

## **SCHEDULES**

EXHIBIT A  
(1)

OCEAN COUNTY SOIL CONSERVATION DISTRICT  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2021  
(With Summarized Information as of June 30, 2020)

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2021	June 30, 2020
<b>ASSETS</b>						
Current Assets						
Cash Savings and Temporary Investments	\$ 240,748	\$ 3,633,753	\$	\$	\$ 3,874,501	\$ 3,596,291
Operating Funds						
Accounts Receivable:						
New Jersey Stormwater Aid		13,200			13,200	6,950
Federal Grants				8,264	8,264	7,335
Local Grants						
Prepaid Expense (Note 14)		16,644			16,644	17,616
Interfund Receivable		247,220			247,220	222,883
Total Current Assets	240,748	3,910,817		8,264	4,159,829	3,851,075
Property, Plant and Equipment (Note 1E)						
Land and Buildings			424,674		424,674	424,674
Vehicles and Equipment			239,678		239,678	238,220
Less: Accumulated Depreciation			(375,731)		(375,731)	(370,771)
Total Property, Plant and Equipment			288,621		288,621	292,123
Total Assets	\$ 240,748	\$ 3,910,817	\$ 288,621	\$ 8,264	\$ 4,448,450	\$ 4,143,198

The accompanying Notes to Financial Statements are an integral part of this statement.



EXHIBIT A  
(2)

OCEAN COUNTY SOIL CONSERVATION DISTRICT  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2021  
(With Summarized Information as of June 30, 2020)

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2021	June 30, 2020
<b>LIABILITIES, NET ASSETS AND RESERVES</b>						
Current Liabilities						
Accounts Payable		\$ 31,885	\$		\$ 31,885	\$ 34,671
Due to the State of New Jersey		10,085			10,085	11,835
Accrued Payroll Liabilities		16,996			16,996	12,385
Interfund Payable	238,956			8,264	247,220	222,883
Total Current Liabilities	238,956	58,966		8,264	306,186	281,774
Reserves						
Reserve for Future Legal Fees (Note 2)		40,000			40,000	40,000
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 3)		3,424,323			3,424,323	3,202,949
Reserve for Compensated Absences (Note 12)		152,528			152,528	130,015
Reserve for Retirement Health Benefits (Note 15)		195,000			195,000	155,000
Reserve for Vehicle Acquisitions (Note 16)		40,000			40,000	40,000
Total Reserves		3,851,851			3,851,851	3,567,964
Net Assets						
Unrestricted Net Assets	1,792				1,792	1,337
Temporarily Restricted Net Assets			288,621		288,621	292,123
Total Net Assets	1,792		288,621		290,413	293,460
Total Liabilities, Net Assets and Reserves	\$ 240,748	\$ 3,910,817	\$ 288,621	\$ 8,264	\$ 4,448,450	\$ 4,143,198

The accompanying Notes to Financial Statements are an integral part of this statement.

**EXHIBIT B**  
(1)

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Summarized Information for the Year Ended June 30, 2020)**

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251	Equipment Fund	Grant Fund	June 30, 2021	June 30, 2020
Support and Revenue:						
Soil Erosion and Sediment Control Act Fees	\$	\$ 1,562,475	\$	\$	\$ 1,562,475	\$ 1,157,028
Interest on Deposits	1,774	25,113			26,887	33,006
RFA Fees (New Jersey Stormwater Aid) (Note 13)		32,095			32,095	27,895
BBP-320 Grant (Jersey Friendly Yards) (Note 17)				18,338	18,338	13,500
NACD Tech Assistant (Note 21)				48,475	48,475	
SJRCD Lakewood Retrofit Project (Note 22)				1,824	1,824	
Miscellaneous		7,694			7,694	3,116
Roundtable						125
Total Support and Revenue	\$ 1,774	\$ 1,627,377	\$	\$ 68,637	\$ 1,697,788	\$ 1,234,670
Expenditures and Net Assets Released from Restrictions:						
Professional Fees	\$	\$ 22,244	\$	\$	\$ 22,244	\$ 23,062
Building Expense:						
Maintenance		12,221			12,221	12,849
Utilities		11,258			11,258	11,591
Office Equipment		7,177			7,177	4,465
BBP-320 Grant (Jersey Friendly Yards) (Note 17)			33,057	18,338	18,338	13,500
Depreciation					33,057	29,241
Dues and Donations		6,448			6,448	3,337
Insurance		35,707			35,707	37,138
Miscellaneous	910				910	572
Office Expense		17,308			17,308	15,796
Website Expenses		500			500	

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Summarized Information for the Year Ended June 30, 2020)**

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2021	June 30, 2020
<b>Expenditures (Continued)</b>						
Payroll	\$	\$ 483,581	\$	\$ 50,299	\$ 533,880	\$ 513,995
Payroll Tax		200,109			200,109	191,548
Employee Benefits		349,096			349,096	325,152
Annual Employer Pension Contribution		119,943			119,943	110,612
Poster Contest					50	50
Roundtable	50					335
Equipment Rental/Service Contracts		7,987			7,987	8,116
Telephone		10,172			10,172	5,246
Vehicle Expense		11,532			11,532	19,242
Workshops, Meetings and Training	359	4,612			4,971	6,762
Contracted Services with CASC		14,040			14,040	27,225
<b>Expenditures and Net Assets Released from Restrictions:</b>	<u>1,319</u>	<u>1,313,935</u>	<u>33,057</u>	<u>68,637</u>	<u>1,416,948</u>	<u>1,359,834</u>
<b>Excess (Deficiency) of Support and Revenue Over Expenditures</b>	455	313,442	(33,057)		280,840	(125,164)
<b>Non-Operating Sources and Uses:</b>						
Reserve for Soil Erosion and Sediment Control Act Expenditures		(346,400)			(346,400)	31,272
Compensated Absences		22,513			22,513	32,936
Retirement Health Benefits		40,000			40,000	40,000
Vehicle Acquisition			29,555			20,000
Transfers		(29,555)				
<b>Net Assets beginning of year</b>	<u>1,337</u>		<u>292,123</u>		<u>293,460</u>	<u>294,416</u>
<b>Net Assets, end of year</b>	<u>\$ 1,792</u>	<u>\$</u>	<u>\$ 288,621</u>	<u>\$</u>	<u>\$ 290,413</u>	<u>\$ 293,460</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Information for the Year Ended June 30, 2020)**

	<u>Totals for the Period ended</u>	
	<u>June</u> <u>30, 2021</u>	<u>June</u> <u>30, 2020</u>
Cash Flows provided (used) by Operating Activities		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 280,840	\$ (125,164)
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash provided by Operating Activities:		
Depreciation	33,057	29,241
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(7,179)	(4,735)
(Increase) Prepaid Expense	972	79
(Decrease) Increase in Accounts Payable	(2,786)	26,978
(Decrease) Increase in Unearned Revenue		
(Decrease) Accrued Payroll Liabilities	4,611	2,260
(Decrease) Increase in Due to State of New Jersey	(1,750)	3,870
Net Cash Provided (Used) by Operating Activities	<u>26,925</u>	<u>57,693</u>
Cash Flows Used by Investing Activities		
Purchase of Fixed Assets	(29,555)	(26,948)
Net Cash Provided (Used) by Investing Activities	<u>(29,555)</u>	<u>(26,948)</u>
Net Increase (Decrease) in Cash	278,210	(94,419)
Cash and Cash Equivalents -		
July 1, 2020 - Beginning of Year	<u>3,596,291</u>	<u>3,690,710</u>
Cash and Cash Equivalents -		
June 30, 2021 - End of Year	<u>\$ 3,874,501</u>	<u>\$ 3,596,291</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A Description of Financial Reporting Entity**

The Ocean County Soil Conservation District is one of fifteen Districts in the State of New Jersey under the auspices of the New Jersey Department of Agriculture. Each District is governed by a Board of Supervisors, which sets policies and performance guidelines. The Districts work closely with the U.S. Department of Agriculture /Natural Resources Conservation Service to promote the wise use of soil and water resources. In 1976, the Districts in New Jersey were mandated to administer Chapter 251, The Soil Erosion and Sediment Control Act of 1976, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources and enhance soil quality.

**B Organization**

The District is a governmental subdivision of the State of New Jersey, and a public body corporate and politic, located in Forked River, Township of Lacey, County of Ocean. It was organized in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq. with a five member Board of Supervisors appointed by the State Committee as the governing body.

The supervisors serve staggered three-year terms with the nominations made by an open public forum. Districts and their partners conduct and implement conservation programs. Districts may receive funding from a variety of public and private sources and employ staff to carry out programs as directed by the Board. All funds, regardless of the source are public funds and are subject to the State Committee's fiscal management standards, rules and statutes.

**C Financial Statement Presentation**

The District is required to report information regarding its financial position and activities according to three classes of assets, which are Unrestricted Net Assets, Temporarily Restricted Net Assets and Permanently Restricted Net Assets. Unrestricted Net Assets can be expended by the District for any aspect of its operations and at any time, as determined by management. Temporarily Restricted Net Assets are either restricted as to a specific program, a specific time period or both, but will eventually be expended by the District. Permanently Restricted Net Assets can never be expended, but benefit the District through investment earnings on such assets. As of June 30, 2021, the District had only Unrestricted and Temporarily Restricted Net Assets.

**D Basis of Accounting**

The accounting policies of the District conform to practices prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D Basis of Accounting - Continued**

All of the District's funds are accounted for using the modified accrual basis of accounting. Support and revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred. Chapter 251 revenue is recognized when received and Chapter 251 expenses are recognized when incurred.

The accounts of the District shall be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, Net Assets, support, revenues and expenditures. Fixed asset purchases are to be recorded in the fund of acquisition, with an appropriate transfer to the equipment fund. Accumulated depreciation is reported on the statement of financial position.

**E Property, Plant and Equipment Fund**

Capital Assets acquired or constructed during the year are recorded at cost and reflected as expenditures in the applicable governmental fund. Donated assets are valued at their estimated fair market value on the date received. Capital Assets acquired are transferred into the Property, Plant and Equipment fund. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets as listed below:

Equipment	5 Years
Vehicles	5 Years
Furniture	7 Years
Land Improvements	15 Years
Building and Improvements	40 Years

During 2020-21, the District had an increase in fixed assets, resulting from additions of \$26,948.

**F Amortization of Financing Costs**

Financing costs, if any, are amortized over the term of the loan using the straight-line method.

**G Use of Estimates**

The preparation of financial statements in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H Reclassifications**

Certain amounts previously reported in the prior year financial statements may be reclassified to conform to current year classifications. These reclassifications have no effect on the total Net Assets of the District.

**I Comparative Data**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**J Support and Expenses**

Contributions and restricted grant revenues are measured at their fair market values and are reported as an increase in Net Assets. The District reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is satisfied, temporarily restricted Net Assets are reclassified to unrestricted Net Assets and reported in the statement of activities as Net Assets released from restrictions.

**2. RESERVE FOR FUTURE LEGAL COSTS**

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current Chapter 251 operations. The District has set this Reserve at \$40,000, as of June, 30 2021.

**3. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL EXPENDITURES**

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures is established to identify the funds available for the costs of future expenditures on projects currently received and in progress, for which fees under the act have been previously collected. All fees collected from applicants are restricted to the Chapter 251 program and used only for implementing that program. The reserve balance includes the unexpended initial review/certification/inspection fees and supplemental fees received. At the option of the District Board and pursuant to formal action by the District Board, interest income from reserve balances may be utilized for the Chapter 251 program or for the District education program. Use of interest income is authorized by N.J.A.C. 2:90-1.12 and pursuant to policy approval by the State Soil Conservation Committee on September 13, 2007. The certification fees collected by the District are derived from an adopted fee schedule that was effective starting August 1, 2010. On April 15, 2010, a \$25 increase was approved for State Administration fees.

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures at June 30, 2021 was \$3,424,323, as compared with \$3,202,949 in the prior year.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**4. CASH AND TEMPORARY INVESTMENTS**

The District is responsible to designate and approve a list of authorized depository institutions based on their evaluation of each financial institution.

Cash may consist of demand deposits and temporary investments in the form of certificates of deposit held at financial institutions. For purposes of the statement of cash flows, the Ocean County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**New Jersey Cash Management Fund**

All Fund investments are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and minimize the related risks. The Division has never suffered a default of principal or interest on any security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as protection for "Other-than-State" participants. As of June 30, 2021, the District did not have any funds on deposit with the New Jersey Cash Management Fund.

**5. CONCENTRATION OF CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2021, the District's bank balance of \$3,908,779 was insured or collateralized as follows:

Insured by FDIC	\$ 500,000
Uninsured and collateralized by GUDPA by pledging financial institutions	<u>3,408,779</u>
	<u>\$3,908,779</u>

**6. RISK MANAGEMENT**

The Soil Conservation District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**7. DEFERRED COMPENSATION SALARY ACCOUNT**

The District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

**8. CONTINGENT LIABILITIES**

Per confirmation by the Ocean County Soil Conservation District's legal counsel, there are no pending litigations, claims, assessments, unasserted claims, or contingent liabilities against the District, which are considered material.

**9. PENSION PLANS**

**Public Employees' Retirement System**

**Description of Plan** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found. This report may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The District does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets. Therefore, the following information is provided for disclosure purposes only and is not reflected in the financial statements of the District.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (Continued)**

<b>Tier</b>	<b>Definition</b>
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

**Basis of Presentation** - The employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2020 was 7.5% of base salary. The District employee's contributions for the year ended June 30, 2021 were \$49,381. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2020 is 12.27% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for 2020. The District's contributions to PERS for the years ended June 30, 2021, and 2020 were \$119,943 and \$110,612 respectively.

**Components of Net Pension Liability** - At June 30, 2021, the District's proportionate share of the PERS net pension liability was \$1,242,206. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The District's proportion measured as of June 30, 2020 was 0.007617% which was a decrease of 0.000044% from its proportion measured as of June 30, 2019.

**Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2021, the District's proportionate share of PERS pension expense, calculated by the plan as of the June 30, 2020 measurement date was \$37,302. The District's deferred outflows of resources and deferred inflows of resources were from the following sources:

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (Continued)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 22,619	\$ 4,393
Changes of assumptions	40,299	520,123
Net difference between projected and actual earnings on pension plan investments	42,460	
Changes in proportion	93,649	367,705
Contributions subsequent to the measurement date		
Total	<u>\$ 199,027</u>	<u>\$ 892,221</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2021	\$ (238,005)
2022	(232,710)
2023	(158,839)
2024	(55,873)
2025	(7,767)
Thereafter	-
Total	<u>\$ (693,194)</u>

**Actuarial Assumptions** - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Scale (based on years of service):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (Continued)**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**Actuarial Assumptions (Continued)** - The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2020.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Asset	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

9. **PENSION PLANS (Continued)**

**Public Employees' Retirement System (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 1,576,026	\$ 1,242,206	\$ 977,007

**Pension Plan Fiduciary Net Assets** - Detailed information about each pension plan's fiduciary net Assets is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan** - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

**Special Funding Situation** - The District is considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the District does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the District related to this legislation. However, the notes to the financial statements of the District must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the District.



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Basis of Presentation** - The employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology** - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability** - The State of New Jersey's net OPEB liability, as of June 30, 2019 was \$13,546,071,100. Of this amount, the net OPEB liability attributable to the District was \$2,543,681. The State of New Jersey's proportionate share of the net OPEB liability is 100%, including the proportion attributable to the District of 0.018778%. The total OPEB liability for the District measured as of June 30, 2019 is \$0 as a result of the Special Funding Situation with the State of New Jersey.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b>Plan</b>
Inflation Rate	2.50%
Salary Increases:	Based on Age
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ) (Continued)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate -**

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b>June 30, 2019</b>		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 15,662,704,137	13,546,071,100	11,826,026,995

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate -**

The following presents the collective net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

<b>June 30, 2019</b>		
<u>1.00% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1.00% Increase</u>
\$ 11,431,214,644	13,546,071,100	16,243,926,531

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -** The District's proportionate OPEB expense, as of June 30, 2019 was \$60,396. The District had proportionate deferred outflows of resources and deferred inflows of resources from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$	\$ 743,872
Changes of assumptions		901,424
Net difference between projected and actual earnings on OPEB plan investments	2,095	
Changes in proportion	643,645	74,877
Total	\$ 645,740	\$ 1,720,173



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ) (Continued)**

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2019:

	6/30/2020	6/30/2019
Collective Deferred Outflows of Resources	\$ 2,780,762,969	\$ 2,115,007,508
Collective Deferred Inflows of Resources	11,531,430,224	9,261,653,464
Collective Net OPEB Liability	13,546,071,100	15,666,618,141
 District's Portion	 0.018778%	 0.006759%

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	OPEB
2020	\$ (1,425,201,517)
2021	(1,425,201,517)
2022	(1,426,076,187)
2023	(1,427,489,995)
2024	(1,428,781,861)
Thereafter	(1,617,916,178)
Total	\$ (8,750,667,255)

**11. PROPERTY AND LIABILITY INSURANCE**

The District maintains commercial insurance coverage for property, liability, and employee dishonesty. Adequacy of insurance coverage is the responsibility of the District.

**12. RESERVE FOR COMPENSATED ABSENCES**

Compensated absences are those absences for which employees will be paid, such as vacation or sick leave. While the benefit has already been earned, payment is conditioned upon use of the time earned or payment upon retirement, based on the policy in affect at the time of separation. Therefore, a liability has not been set up on the balance sheet but Net Assets have instead been reserved. The balance in the reserve, as of June 30, 2021, is \$152,528.

**13. REQUEST FOR AUTHORIZATION**

All storm water discharge associated with construction activity within the State of New Jersey incurs a fee payable to "Treasurer – State of New Jersey". A portion of the fee is due to the New Jersey Department of Environmental Protection, the remaining is split 70% and 30% to the district and State Soil Conservation Committee, respectively.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**14. PREPAID EXPENSE**

Prepaid expenses represent expenses paid in advance, which creates a benefit beyond the current period. As of June 30, 2021, the District had \$16,644 in prepaid expenses.

**15. RESERVE FOR RETIREMENT HEALTH BENEFITS**

The board has designated a portion of Net Assets, in the amount of \$195,000, for future health care cost of retired district personnel.

**16. RESERVE FOR VEHICLE ACQUISITIONS**

The board has designated a portion of Net Assets, in the amount of \$40,000, for future vehicle acquisitions.

**17. OCEAN COUNTY COLLEGE BARNEGAT BAY PARTNERSHIP GRANT**

During the 2020-21 year, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District is sub-contracted to develop and coordinate programs and workshops to educate property owners and develop a community focused suite of Bay-Friendly stewardship certification programs for residents, municipalities, and schools. The District shall be reimbursed for all allowable costs associated with this project, in an amount not to exceed \$67,000. As of June 30, 2021, the District had a balance of \$7,571 due from the Ocean County College BBP grant.

**18. OPERATING LEASES**

As of June 30, 2021 the District has two outstanding operating lease agreements. The future minimum payments associated with each lease are as follows:

Year	Postage Machine	Copy Machine
2021-22	\$ 1,944	\$ 1,308
2022-23	1,944	1,308
2023-24	1,944	1,308
2024-25	1,944	1,308
2025-26	1,944	
2026-27	648	
Total	<u>\$10,368</u>	<u>\$ 5,232</u>



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**19. RELATED PARTY TRANSACTIONS**

On occasion, certain activities related to the land development industry may be provided by Board Supervisors as a professional service to a developer. In such cases and in accordance with N.J.S.A. section 52:13D, the applicable Board Supervisor recuses him, or herself, from any decisions concerning these applications. The New Jersey State Soil Conservation Committee approves the appointments of all Board Supervisors.

**20. SUBSEQUENT EVENTS**

There were no material events between June 30, 2021 and December 22, 2021 affecting the financial status of the Ocean County Soil Conservation District.

**21. NACD-TECHNICAL ASSISTANCE**

On July 27, 2020, the District entered into an agreement with the National Association of Conservation Districts (NACD) increasing the technical assistance to the community for improving the conditions of natural resources. In addition on May 9, 2020, the District entered into a second agreement with NACD to continue the above services. During the 2020-2021 fiscal year, the District received \$48,475 to fund the expenses incurred by the District. The District shall be reimbursed for allowable costs incurred, as a result of the services provided for an amount not to exceed \$49,750. As of June 30, 2021, the District had no balance due from the NACD.

**22. SJRCD – LAKEWOOD TOWNSHIP STORMWATER BASIN RETROFIT GRANT**

In the 2020-2021 year, the District entered into an agreement with SJRCD to administer a grant from the New Jersey Department of Environmental Protection to implement up to 12 stormwater basin retrofits within the Metedeconk River watershed within the municipal boundaries of Lakewood Township. The District shall be reimbursed for allowable costs incurred, as a result of the services provided for an amount not to exceed a total budget of \$325,000. As of June 30, 2021, the District had a balance of \$693 due from the SJRCD.

**23. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The District has \$3,895,965 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$3,874,501 and accounts receivable of \$21,464.

End of Notes to Financial Statements

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF BUDGET VERSUS ACTUAL REVENUE**  
**AND EXPENDITURES - ALL FUNDS COMBINED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budget After Transfers	Actual	Under/(Over) Budget
<u>Support &amp; Revenue</u>			
Chapter 251			
Capital Expense Fund Balance	\$ 85,000	\$ 85,000	
Interest on Investments	31,000	25,113	5,887
SESC Fees	1,340,815	1,562,475	(221,660)
RFA Funds	33,425	32,095	1,330
General Income			
BBP-320 Grant (Jersey Friendly Yards)	47,300	18,338	28,962
SJRC&D Lakewood Grant	25,000	1,824	23,176
BBP-Government Agreement	15,000		15,000
NACD Technical Assistance		48,475	(48,475)
Roundtable	2,100		2,100
Interest on Investments	1,945	1,774	171
Miscellaneous		7,694	(7,694)
Total Per Exhibit B(1)	<u>\$ 1,581,585</u>	<u>1,697,788</u>	<u>\$ (116,203)</u>
Total Support and Revenue - to Exhibit B		<u>\$ 1,697,788</u>	
<u>Expenditures</u>			
Chapter 251			
Capital Expense Account	\$ 85,000	\$ 29,555	\$ 55,445
Professional Fees	25,000	22,244	2,756
Building Expense:			
Maintenance	16,500	12,221	4,279
Utilities	14,460	11,258	3,202
Dues	3,225	3,232	(7)
Donations	900	3,216	(2,316)
Office Equipment	9,000	7,177	1,823
Equipment Rental/Service Contracts	8,650	7,987	663
Employee Benefits	342,300	349,096	(6,796)
Payroll Expenses	863,375	864,147	(772)
Insurance	44,000	35,707	8,293
Office Expenses	14,830	17,308	(2,478)
Website Expenses	7,500	500	7,000
Telephone	4,500	10,172	(5,672)
Vehicle Expenses	19,000	11,532	7,468
Workshop, Meetings & Training	12,000	4,612	7,388
Contracted Services with CASCD	20,000	14,040	5,960
General			
BBP-Government Agreement	15,000		15,000
Roundtable	2,100		2,100
Poster Contest	350	50	300
Miscellaneous	1,236	910	326
Workshop, Meetings & Training	359	359	
Grant Project Expenses	72,300	8,123	64,177
Total Expenditures	<u>\$ 1,581,585</u>	<u>1,413,446</u>	<u>\$ 168,139</u>
Adjustment			
Depreciation		33,057	
Fixed Assets Additions		(29,555)	
Total Expenditures - to Exhibit B		<u>\$ 1,416,948</u>	

**OCEAN COUNTY SOIL CONSERVATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Grant Award Amount	Grant Period From To	Grant Award Amount		Balance June 30, 2020	Cash Received	Expenditures	Balance June 30, 2021 (Accounts Receivable) Revenue
				Local Match	Federal				
US Environmental Protection Agency: Ocean County College Outreach Support for Jersey-Friendly Yards and Bay-Friendly Stewardship Certification Program	66.456	\$ 67,000	6/9/20 6/8/23			\$ (7,335)	18,102 \$	(18,338) \$	(7,571) \$
National Resource Conservation Services: Passed-Through the National Association of Conservation Districts NACD Technical Assist. - Grant II (TA2020)	N/A	\$ 49,750	7/27/20 6/8/23	8,950	40,800		48,475	(48,475)	
US Department of Environmental Protection: New Jersey Department of Environmental Protection Division of Watershed Management Passed Through South Jersey Resource Conservation & Development Council Lakewood Township Stormwater Basin Retrofit Project	66.605	\$ 325,000	3/2/20 3/2/24				1,131	(1,824)	(693)
						\$ (7,335) \$	67,708 \$	(68,637) \$	(8,264) \$

The Ocean County Soil Conservation District is not subject to federal or state single audit requirements.



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**COMMENTS**

**Administrative Practices and Procedures**

Purchases shall be in conformance with the State Public Contracts Law for securing formal bids in excess of \$17,500 and on quotations for purchases over \$2,625, where it is possible to solicit more than one quotation. If there is a reason why quotations are not solicited, a brief explanation regarding this should be documented and included in the District minutes. For purchases, which are unusual or not routine in nature, a policy should be adopted addressing such purchases. Any suggested policy should be reviewed with the solicitor. In addition, when making purchases utilizing the state contract system, the award of such a contract shall be authorized by a resolution of the Board of Supervisors as required by **N.J.A.C. 5:34-1.2**. No exceptions were noted.

Chapter 251 fees collected appear to be in accordance with the adopted fee schedule.

Revenues and receipts were properly recorded within the District's accounting records.

The District made deposits within the required 5 business days.

According to the revised **Financial Accounting Manual for New Jersey Soil Conservation Districts**, various internal controls must be in place and followed, in order to demonstrate that an appropriate control environment exists over disbursements by check. For example, checks issued in excess of \$1,000 must have two signatures. No exceptions were noted.

Purchases were made with the proper authorizations.

The District made deposits within the required 5 business days.

The Internal Revenue Service regulations require that Form 1099-M be filed for each unincorporated person to whom at least \$600 for services was paid. No exceptions were noted.

**Financial Planning, Accounting and Reporting**

In August 2015, a revised **Financial Accounting Manual for New Jersey Soil Conservation Districts** was adopted by the NJ State Soil Committee, which contained a new uniform budget format. The 2020-21 District budget was presented in the format prescribed by the revised financial accounting manual.

The **Financial Accounting Manual for New Jersey Soil Conservation Districts** indicates that, as of June 30, 1992, the accounting period to be used by all soil conservation districts was to be the same as that of the State of New Jersey.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR JUNE 30, 2021**

The Chapter 251 Reserve Fund Balance shall be evaluated annually by the District Board to determine its adequacy based on the Chapter 251 workload obligations remaining to be completed. Districts have the ability to assess additional fees beyond the initial fees received following the exhaustion of the original fees received. Once the district is able to determine the amount of money on hand for each individual file a total will be calculated at the end of each fiscal year during the audit. This total amount of all funds for each 251 project will determine the reserve needed by each district. The district should have as a target at the end of each fiscal year of having close to 100% of the restricted reserves for 251 projects to complete those projects still active. Anything less than 110% for this purpose serves as a warning that reserves may not be sufficient to complete projects as additional fees for projects may not be collected or additional inspections are needed requiring additional funds. The District has met the 110% reserve requirement.

**FINDINGS:**

None

**Status of Prior Year Recommendations**

None

**APPRECIATION**

We wish to express our appreciation for the assistance and courtesies rendered to us by the officials during the course of the audit.

Should any questions arise as to our comments, please do not hesitate to call us.